

VZCZCXYZ0000
OO RUEHWEB

DE RUEHLP #0176 0332102
ZNY CCCCC ZZH
O 022102Z FEB 09
FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9909
INFO RUEHAC/AMEMBASSY ASUNCION 8776
RUEHBO/AMEMBASSY BOGOTA 6153
RUEHBR/AMEMBASSY BRASILIA 0116
RUEHBU/AMEMBASSY BUENOS AIRES 7337
RUEHCV/AMEMBASSY CARACAS 4382
RUEHGE/AMEMBASSY GEORGETOWN 0936
RUEHPE/AMEMBASSY LIMA 4717
RUEHMD/AMEMBASSY MADRID 4354
RUEHMN/AMEMBASSY MONTEVIDEO 6119
RUEHPO/AMEMBASSY PARAMARIBO 0586
RUEHQT/AMEMBASSY QUITO 7001
RUEHSG/AMEMBASSY SANTIAGO 1765
RHEFDIA/DIA WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC
RUMIAAA/USCINCSO MIAMI FL
RHMFISS/HQ USSOUTHCOM MIAMI FL
RUEHUB/USINT HAVANA 1655
RUEKJCS/SECDEF WASHINGTON DC

C O N F I D E N T I A L LA PAZ 000176

SIPDIS

E.O. 12958: DECL: 02/02/2019

TAGS: [PGOV](#) [PREL](#) [PINR](#) [BL](#)

SUBJECT: BOLIVIAN GAS CHIEF FIRED IN MURDER/KICKBACK SCANDAL

REF: A. LA PAZ 156

[1](#)B. LA PAZ 94

Classified By: Acting EcoPol Counselor Brian Quigley reasons 1.4b,d

[1](#)1. (C) Summary: President Evo Morales fired the president of state hydrocarbons company YPFB on February 1, just two days after publicly defending Santos Ramirez, a close confidant and member of his inner circle of advisors. Santos Ramirez has been implicated in the kickback case that involved the murder of Jorge O'Connor D'Arlach, an executive of a company that recently signed a multi-million dollar deal with YPFB (ref A). O'Connor was allegedly delivering USD 450,000 in cash for a kickback on the no-bid contract to Santos Ramirez's relatives, when he was killed and the money was stolen--Santos Ramirez has not been implicated in the murder but is a suspect in the possible corruption case. Calling for transparency and an investigation into the possible corruption, Morales appointed Development Minister (and former Hydrocarbons Minister) Carlos Villegas as the new YPFB president. End summary.

[1](#)2. (SBU) Morales met with his closest advisors in a closed session February 1 at the presidential residence. Government Minister Alfredo Rada, who participated in the meeting, told the press that firing Ramirez was "a decision of the president with full support of the cabinet...the government has decided to give a strong signal to YPFB, that kind of act of corruption cannot be permitted here, and that's final." Morales announced that the new YPFB President Villegas "has the responsibility to make the administration of YPFB transparent with an intervention." Morales also ordered Vice-minister for the Fight Against Corruption Nardi Suño to investigate the case. Reminding his audience that a number of Movement Toward Socialism (MAS) mayors are in prison for corruption, Morales said he welcomed any investigation--including by the opposition-controlled Senate--into the O'Connor murder and kickback case.

[1](#)3. (SBU) Press reports noted that Presidency Minister Juan Ramon Quintana, another close Morales advisor who has been accused of corruption, was a participant in the February 1

emergency cabinet meeting. In the unrelated and unsolved alleged corruption case, a former head of the Bolivian Customs Agency accused Quintana of negotiating with smugglers to allow contraband to exit the country in exchange for political support. On December 11, 2008, President Morales publicly supported Quintana, while acknowledging that he knew of Quintana's meetings with the smugglers.

14. (C) The decision to fire Santos Ramirez leaves a gap in the cabinet, as Villegas moves from the planning ministry to the head of YPFB. Morales has announced that he intends to implement the new constitution (passed by referendum on January 25) on February 7. Sources tell us that they expect a major cabinet re-shuffle in the following weeks.

15. (C) Comment: Although Morales' supporters are calling for a more indigenous cabinet, Quintana will likely remain in power despite accusations of corruption and his controversial role in the military actions in Pando (ref B). As another of Morales' closest allies and a long-time MAS leader, Santos Ramirez had access to the heart of the MAS administration: a former rural Potosi school teacher, he was a MAS congressman from 2002 to 2005 and president of the Senate for the 2006-2007 legislative year. Rumors of possible dirty-dealings had dogged him before with no negative political effects; it took a robbery and brutal murder splashed across all major media to bring him down. Ramirez does not have congressional immunity at this time and could face prosecution, although Morales is unlikely to go that far. End comment.
URS